

LOAN EVALUATION

THE BORROWER AND FAMILY
NON-ECONOMIC CONSIDERATIONS

RESOURCE MATERIALS FOR
EDUCATIONAL MEETINGS

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A SUCCESSFUL LOAN - WHAT IS IT?

SUCCESSFUL LENDING - WHAT IS IT?

- 3 C's OF CREDIT - CHARACTER
 - CAPACITY
 - COLLATERAL
- 3 R's OF CREDIT - RISK
 - RETURNS
 - REPAYMENT

SUCCESSFUL LENDING IS AN ART

COMBINATION OF
EXPERIENCE
JUDGMENT
PLANNING
SCIENCE
LUCK

EXPLANATIONS NEEDED

1. A GOOD SITUATION GOES SOUR
2. A POOR SITUATION MAKES IT
3. TWO EQUALLY POOR OR GOOD SITUATIONS

LOAN GRANTED TO

NEITHER

BOTH

ONE

SAME VS. DIFFERENT LENDERS

IT'S NOT ALL ECONOMICS!

NON-ECONOMIC CONSIDERATIONS

I. BORROWER

II. FAMILY

SPOUSE

CHILDREN

PARENTS

SIBLINGS

IN-LAWS

III. COMMUNITY

SCHOOLS

CHURCH

SOCIAL ORGANIZATION

BUSINESS

NEIGHBORS

IV. LABOR

SUCCESSFUL FARMING IS MORE THAN FINANCIAL SUCCESS

I. BORROWER

AGE

EXPERIENCE

EDUCATION

PROBLEM SOLVING PROCEDURE

CURRENT LENDERS

BUSINESSLIKE

INTEGRITY

GOALS

COMMUNICATION

HEALTH

RECORD KEEPING

REACTION TO HARD TIMES

ADOPTION OF TECHNOLOGY

PLANNING

II. FAMILY - STABILITY AND SUPPORT

SPOUSE

COMMUNICATION

EXPERIENCE

EDUCATION

INVOLVEMENT IN BUSINESS

DIVORCE AND/OR SEPARATION

LIVING EXPENSES

NEED AND WANTS

HEALTH

CHILDREN

NUMBER

AGES

INVOLVED VS. USED

COMMUNICATION

ASPIRATIONS

HEALTH

PARENTS, SIBLINGS, AND IN-LAWS

COMMUNICATION

INVOLVEMENT

SUPPORT OR INTERFERENCE

COMMUNITY

ROLE IN FARM ORGANIZATIONS

INTEREST IN SCHOOLS

ROLE IN CHURCH

RESPECT OF BUSINESS COMMUNITY

RESPECT OF NEIGHBORS

INTEGRITY IN COMMUNITY AFFAIRS

LABOR

EXPERIENCE

COMMUNICATION

LENGTH OF SERVICE

USE VS. DEVELOPMENT

LABOR AND/OR MANAGEMENT

FAMILY CONSIDERATION

HOUSING AND PAY

LENDERS NEED AN INFORMAL INFORMATION SYSTEM